Message Text

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E.O. 11652: N/A TAGS: ETRN, NL

SUBJECT: CIVAIR - REQUEST FOR US-NETHERLANDS CONSULTATIONS

 $1. \ \ DEPUTY \ ASST \ SECY \ WALDMANN \ TODAY \ (JUNE \ 20) \ HANDED \ TO$

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DUTCH CIVAIR ATTACHE FORMAL REQUEST FOR CONSULTATIONS WITHIN 60 DAYS TO DISCUSS (1) BALANCE OF BENEFITS UNDER AGREEMENT AND (2) EXCESS CAPACITY OFFERED BY KLM IN US-EUROPE MARKET. TEXT OF NOTE FOLLOWS:

QUOTE. THE ACTING SECRETARY OF STATE PRESENTS HIS COMPLIMENTS TO HIS EXCELLENCY THE AMBASSADOR OF THE NETHERLANDS AND, WITH REFERENCE TO THE UNITED STATES-NETHERLANDS AIR TRANSPORT SERVICES AGREEMENT OF APRIL 3, 1957, AS AMENDED, HAS THE HONOR TO REQUEST THAT CONSULTATIONS BE CONVENED IN ACCORDANCE WITH ARTICLE 12 OF THE AGREEMENT.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA WISHES IN THESE CONSULTATIONS TO REVIEW THE QUESTION OF THE BALANCE OF BENEFITS UNDER THE AGREEMENT TO CONSIDER THE POSSIBLE CONCLUSION OF SEPARATE AGREEMENTS WITH THE CONSTITUENT ELEMENTS OF THE KINGDOM OF THE NETHERLANDS, AND TO REVIEW, IN THE CONTEXT OF ARTICLE 10 OF THE AGREEMENT, THE AMOUNT AND PURPOSES OF THE TRANSATLANTIC CAPACITY OFFERED TO AND FROM THE UNITED STATES BY THE AIRLINE DESIGNATED BY THE NETHERLANDS GOVERNMENT, AND THE CONSISTENCY OF THAT CAPACITY

WITH THE CAPACITY PRINCIPLES OF THE AGREEMENT, IN THE CONTEXT OF ARTICLES 8 AND 9 OF THE AGREEMENT.

IF THE GOVERNMENT OF THE NETHERLANDS SO DESIRES, THE UNITED STATES GOVERNMENT WOULD WELCOME THE RECEIPT OF STATISTICS WHICH WOULD UPDATE THE DATA SUBMITTED BY THE WETHERLANDS GOVERNMENT FOR REVIEW DURING THE UNITED STATES-NETHERLANDS CAPACITY CONSULTATIONS HELD OCTOBER 2-6, 1972.

IT IS SUGGESTED THAT THE NEW CONSULTATIONS REQUESTED BY THE UNITED STATES BE HELD IN WASHINGTON, D. C., PREFERABLY BEGINNING THE WEEK OF JULY 29, 1974. END QUOTE.

2. WALDMANN TOLD KROL THAT USG IS CONDUCTING OVERALL REVIEW OF NORTH ATLANTIC CAPACITY SITUATION AND HAD CONCLUDED THAT US-NETHERLANDS MARKET IS ONE WHICH CLEARLY REQUIRES INVESTIGATION. IN RESPONSE TO QUESTION, WALDMANN LIMITED OFFICIAL USE

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SAID USG HAS NOT RPT NOT YET COMPLETED REVIEW OF OTHER SITUATIONS AND HE THEREFORE NOT RPT NOT ABLE TO SAY AT THIS TIME WHETHER USG WOULD BE CALLING FOR SIMILAR CONSULTATIONS WITH OTHER EUROPEAN STATES.

3. THIS STEP MARKS NEW DEPARTURE IN US INTERNATIONAL CIVAIR POLICY, AND WILL BE BUTTRESSED BY ENFORCEMENT

MACHINERY (WITHIN PART 213 OF US CAB ECONOMIC REGULATIONS) WHICH WILL PERMIT USG TO COMPEL FOREIGN AIRLINES TO PEG CAPACITY TO LEVEL OF PRIMARY (THIRD-FOURTH FREEDOM) TRAFFIC MOVING IN PARTICULAR BILATERAL MARKET. DEPT SELECTED KLM AS INITIAL TARGET BECAUSE (1) IT ISLEADING VIOLATOR OF CAPACITY PRINCIPLES OF AGREEMENT, (2) USNETHERLANDS BILATERAL DEFINES CLEARLY NATURE OF PRIMARY AND SECONDARY TRAFFIC AND COMMITS DUTCH TO SUPPLY TRAFFIC DATA ON REQUEST, AND (3) NETHERLANDS ANTILLES INTERESTED IN BEING SEPARATED OUT OF US-GON AGREEMENT IN ORDER BE ABLE DEAL WITH US ON ROUTE RIGHTS DIRECTLY. IT WILL BE RECALLED THAT IN CONSULTATIONS IN WASHINGTON OCTOBER 2-6, 1972, USG REQUESTED GON TO CURTAIL TRANSATLANTIC CAPACITY OFFERED BY KLM, BUT THAT, ABSENT ACTION MANDATE ON US SIDE, DUTCH DEMURRED.

4. IF QUERIED BY PRESS OR HOST GOVERNMENTS, POSTS SHOULD SIMPLY STATE THAT CALL FOR CONSULTATIONS WITH DUTCH IS PART OF CONTINUING USG EFFORT TO REDRESS BALANCE OF BENEFITS UNDER US BILATERALS WITH OUR FOREIGN PARTNERS. DEPT DOES NOT RPT NOT PLAN TO ISSUE PRESS STATEMENT, BUT WILL PREPARE CONTINGENCY PRESS GUIDANCE FOR USE IN RESPONSE TO QUESTIONS. KISSINGER

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